

Bin Yuan Greater China Fund

SFDR status as of March 2021: Article 8

November 2021



Investment Review

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) appreciated 2.27% for the month of November (net of fees) compared to a -3.70% return for the benchmark. At the end of November, the Sub Fund was mainly invested in the Information Technology, Health Care, Industrials and Consumer sectors, with zero weights in the Energy, Utilities and Real Estate sectors.

For the month, the Fund outperformed the benchmark by 5.97%. In November, the positions that contributed the most to the portfolio's return were IRAY, CHIPSEA and SUNNY OPTICAL. The positions that contributed the least were ANJOY, CHINA DUTY FREE and CHINA MERCHANTS BANK.

Manager's Commentary

Recently, the Chinese government has re-emphasized their goal and the implementation methods to reach a carbon emission peak in 2030 and carbon neutralization by 2060. The government provided preferential interest rate support to key areas such as clean energy, energy conservation and environmental protection, and carbon emission reduction technology. From our field research, we learnt that some local governments, such as in Jiangsu and Anhui provinces, have as a top development priority the acquisition of high-tech talent and high-tech projects. The high-tech industry will benefit from policy support and market demand and will maintain high growth in the future.

Laser Industry – an Example of High-End Manufacturing Transformation in China

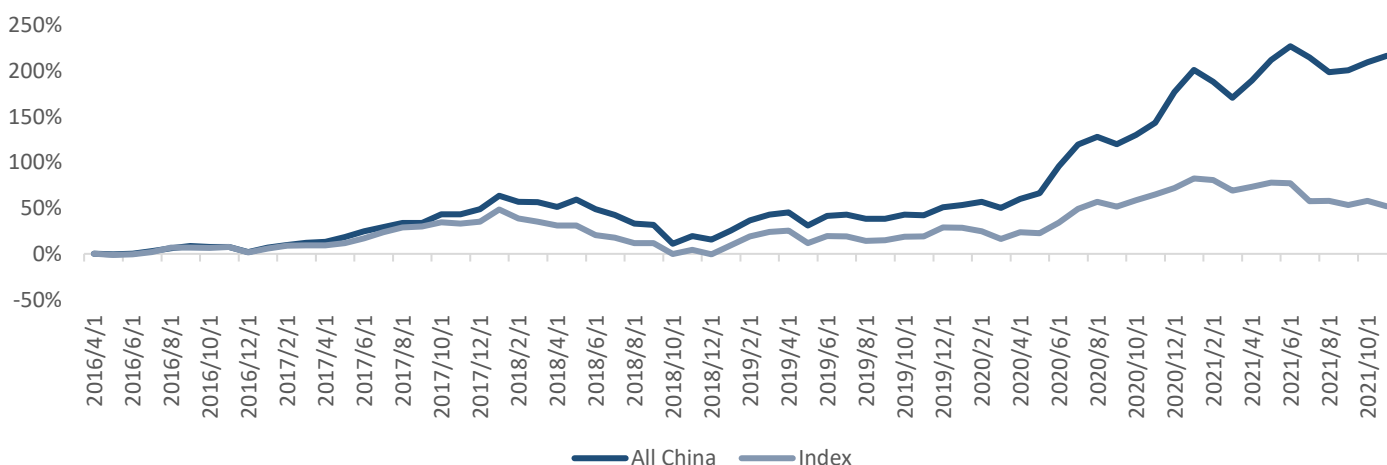
Laser has obvious advantages over traditional processing methods in terms of efficiency, precision and energy consumption. The Laser industry has developed rapidly over the past several years replacing traditional processing methods. However, laser applications in China are still at an early stage. The total laser market size was RMB28.6 bn in 2020 which compares to RMB108 bn for the traditional processing equipment market. With estimated penetration rates of 54% for cutting and 20% for welding by 2025 the market size will expand to RMB78 bn, a 5-year CAGR of 22%.

The competitiveness of Chinese laser companies has benefited from three trends – very similar to other high value-added industries that require continuous R&D. 1) Market Size - China represented 30% of the world's manufacturing value added in 2020. China's manufacturing market size enables local companies to understand and respond to customer needs and helps to foster continuous innovation. 2) Reverse Brain Drain - Overseas high-tech talent is gradually returning to China, which further enhances the innovation capability of local companies. 3) Supply Chain Efficiencies - With a very comprehensive manufacturing supply chain, Chinese companies can provide better and faster services to their customers, which also speeds up market awareness and shortens the R&D cycle.

Key Information

NAV (30/11/21)	US\$ 206.16(L1)/192.82(L2)/143.98(AI)/112.60(AI EUR)/102.14(AI GBP)/148.42(BI) /224.29(CB)/147.42(DB A)/149.03(DI A)/238.00(CI)/105.56(CI GBP)/100.98(PB EUR)	Strategy Assets	US\$ 1,656 m ^(a)
Total Fund Size	US\$ 874.8m	Fund Launch Date	16-Apr-18

Period Performance (%)								
	2021	2020	2019	2018	2017	2016	Cumulative	Annualized
Bin Yuan All China Strategy ^(b)	14.36	83.51	30.60	-22.46	44.69	1.07	216.67	22.93
Index ^(c)	-11.57	33.41	29.74	-26.64	33.37	1.47	51.98	7.78



Monthly Performance (%)														
	2020		2021											
	Dec	2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	YTD
Bin Yuan GC Fund	13.81	83.51	8.76	-4.27	-6.06	6.90	7.84	4.76	-3.72	-5.17	0.72	2.93	2.27	14.36
Index ^(c)	4.16	33.41	6.28	-1.03	-6.35	2.31	2.80	-0.48	-11.13	0.22	-2.71	2.78	-3.70	-11.57

Top Ten Holding					
1	IRAY Technolog-A	9.98%	2	CM Bank (A+H)	6.05%
3	Chinasoft Intl	5.67%	4	Ecovacs Roboti-A	4.64%
5	Chipsea Techno-A	4.58%	6	Chaozhou Three-A	4.10%
7	Shenzhen Mindr-A	3.91%	8	Nari Technolog-A	3.76%
9	Contemporary A-A	3.57%	10	Fu Jian Anjoy-A	3.56%

Sectoral Breakdown ^(e)	% of Assets
Information Technology	30
Health Care	21
Industrials	15
Consumer Staples	9
Consumer Discretionary	8
Financials	6
Communication Services	2
Materials	0.4

Investment Objective

The investment objective of the Compartment is to provide long term capital growth, measured in USD, primarily through investment in equities and equity-linked securities of Greater China Companies, as defined hereafter.

Since Inception ^(d)	Bin Yuan All China	Index
Volatility	17.83%	17.35%
Sharp Ratio	1.34	0.45
Information Ratio	1.73	
Tracking Error	9.34%	
Active Shares	87%	
Beta	0.95	

Market Breakdown	% of Assets
A Share (Connect + QFI)	75.4
Hong Kong (Discounted Dual Listing)	3
Hong Kong	13

Valuation	Portfolio	Benchmark	Benchmark (excluding Financials)
Period	20211130	20211130	20211130
2022 PE (X)	32.4	15.5	31.4
2022 PB (X)	7.1	1.9	3.9
2022 Div. Yield (%)	0.6	1.8	1.1
2022 ROE (%)	22.0	12.1	12.3
Earning Growth (%) Forward 3 YR	27.8	10.0	14.6
2022 PEGY	1.1	1.3	2.0
FCF Yield	0.8	5.3	2.0

Fund Codes						
Share Class	AI	AI GBP	AI EUR	BI	CI	CI GBP
Bloomberg	HEYGAU LX	HEYGCAG LX	HEYGCAE LX	HEYGCBU LX	HFBYCIU LX	HEYGCGA LX
TK	040149630	040149699	040149698		040149734	040149736
ISIN	LU1778252558	LU1778252715	LU1778252632	LU1778253952	LU1778254844	LU1778255064
Lipper ID	68617991	68666625	68677482	68625053	68563916	68684500
Sedol	BMY2Q30	BNLYXY6	BN4BFL5	BMY1994	BMWWFG8	BP466G6

Fund Details	
Dealing Day ^(d)	Daily
Dividends	None – income accumulated within the fund
Investment Manager	Bin Yuan Capital Room 1505, 15/F, 299QRC 287-299 Queen's Road Central Sheung Wan, Hong Kong
Management Company	FundPartner Solutions (Europe) S.A. 15, Avenue John F Kennedy , L-1855 Luxembourg
Custodian	Pictet & Cie (Europe) S.A. 15, Avenue John F Kennedy, L-1855 Luxembourg
Legal Advisors	Elvinger Hoss Prussen S.A. 2, Place Winston Churchill, L-1340 Luxembourg
Auditor	Deloitte Audit S.à r.l. 560, route de Neudorf, L-2220 Luxembourg

Annual Management Charge	
Share Class A	1.25%
Share Class B	1.00%
Share Class C	0.75%
Share Class DI A, DB A	0.50%

Minimum Investment	
Share Class A	\$100,000 Minimum initial subscription & holding
Share Class B	\$5,000,000 Minimum initial subscription & holding
Share Class C	\$10,000,000 Minimum initial subscription & holding
Share Class DI A, DB A	\$100,000,000 Minimum initial subscription & holding

Footnote:

- (a) This refers to the total assets invested in the reference strategy managed by the Investment Manager.
- (b) The graph depicts the Bin Yuan All China Strategy (Reference Strategy) from inception in May 2016 to the fund launch on 16/4/18. After launch date actual fund data of Share Class L1 is used. The fund follows the same strategy as the Reference Strategy and simulated returns of the Reference Strategy are net of a modeled fee of 0.75% pa and expenses of 0.40%.
- (c) MSCI Inc. discontinued MSCI All China Index and the transition to MSCI China All Shares Index took effect on 27 November 2019. MSCI All China Index Total USD return including dividends (Bloomberg ticker M1ACN Index) was used as benchmark from the inception of April 2018 to November 26, 2019. MSCI China All Shares Net Total USD Return (Bloomberg ticker MXCNANM Index) is used as benchmark since November 27, 2019.
- (d) Data depict the Bin Yuan All China Strategy since inception of May 2016 as of April 2018. The fund follows the same strategy. After a longer period after the fund launch, we will use the Hereford Funds Bin Yuan Greater China Fund Share Class L1 in the table.
- (e) We set sector exposure according to GICS classification, and the maximum exposure will not exceed 40%. The reason we set at 40% is some industrial and communication service companies are misclassified as information technology in GICS.

Order Transmission Information

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